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Venezuela

Post: Caracas

Accumulated Food Price Inflation at 21.2 Percent

Report Categories:

Agriculture in the Economy

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Report Highlights:

FAS/Caracas provides information from official reports and local media on accumulated food price inflation in the current year. Accrued food price inflation is 21.2 percent to date in 2010. The cost of the standard "food basket" reached Bs 2,276 in May.

General Information:

In April, food and non-alcoholic beverages became more expensive by 3.3 percent as compared to the previous month. To date in 2010, food prices have increased by 21.2 percent. This impact falls particularly on the lower-income economic strata, where 45 percent of income is spent in food.

There are several reasons behind these rising prices, including devaluation of the local currency earlier this year, which raised by 21 percent the price of US dollars to import food and medicines. While the government has held fixed the prices of a large number of staple foods, it has allowed some upward adjustments to products such as milk and cheese.

According to the monthly report of the Documentation Center of Analysis for Workers (CENDA), only two of the eleven items of the food basket fell in price, while nine rose. Among the products that increased are margarine, mayonnaise, ketchup, and various fruits. The food basket reached Bs. 2,276 in May.

The new minimum wage of Bs 1,224 per month, effective from May 1, 2010, covers only 53.8 percent of the value of the basket. Over the past 12 months, the cost of the basic food basket increased by of 40.5 percent.

SOURCE: Central Bank Reports, Local Contacts, and Media Reports